BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF HAWAII

In the Matter of	)	
	)	
PUBLIC UTILITIES COMMISSION	)	DOCKET NO. 2008-0273
	)	
Instituting a Proceeding to Investigate the Implementation of Feed-in Tariffs	)	
	)	

COMMENTS OF ZERO EMISSIONS LEASING LLC ON PROPOSED TIER 3 TARIFFS

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ON PROPOSED TIER 3 TARIFFS

ZERO EMISSIONS LEASING LLC ("Zero Emissions") respectfully submits the following comments on the Tier 3 Tariffs proposed by the Hawaiian Electric Companies (the "HECO Tier 3 FIT"), and by Clean Energy Maui and Zero Emissions (the "CEM/ZEL Tier 3 FIT"), in the above-referenced proceeding:

I. OVERVIEW

In its Decision and Order filed September 25, 2009 (the "D&O"), the Commission stated that feed-in tariffs ("FITs") "were a possible mechanism 'to dramatically accelerate the addition of renewable energy from new sources' and to 'encourage increased development of alternative energy projects'." *D&O* at 13. The Commission said that it "will direct the HECO Companies to adopt FITs in their respective service territories ... consistent with the principles described below." *D&O* at 17. Those principles included a requirement that the HECO Companies "adopt standards that establish when additional renewable energy can or cannot be added on an island or region therein without markedly increasing curtailment, either for existing or new renewable projects. FIT generation

should meet new load requirements and **displace fossil fuel generation** ... " [emphasis added] *D&O* at 50-51.

The National Renewable Energy Laboratory[1] has defined a "Feed-in Tariff (FIT)" as:

> A renewable energy policy that typically offers a **guarantee of:**
>
> 1. **Payments** to project owners for total kWh of renewable electricity produced
>
> 2. **Access to the grid**; and
>
> 3. Stable, long-term contracts (15-20 years) [emphasis in original]

Feed-in tariffs ("FITs") accelerate the addition of renewable energy from new sources and encourage increased development of alternative energy projects by obliging the utility to interconnect such projects (*i.e.*, a guarantee of access to the grid, provided the utility's reliability requirements are met), and by obliging the utility to purchase such renewable energy at a fixed long-term rate (*i.e.*, a guarantee of payments to project owners for total kWh of renewable electricity produced). FITs encourage accelerated development of renewable energy projects because these utility obligations give project developers the revenue certainty that they need to obtain financing for their projects. FITs create revenue certainty by creating price certainty and quantity certainty. FITs create price certainty by specifying a fixed long-term rate at which the utility is obliged to purchase renewable energy. FITs create quantity certainty by obliging the utility to interconnect the renewable energy project (provided reliability requirements such as Rule

[1] Karlynn Cory, "Renewable Energy Feed-in Tariffs: Lessons Learned from the U.S. and Abroad (National Renewable Energy Laboratory, November 18, 2009), accessed at http://www.cleanenergystates.org/Meetings/RPS_Summit_09/Cory_RPS_Summit2009.pdf.

14H are met) for delivery of renewable energy to the utility, and by obliging the utility to purchase quantities of renewable energy generated by the project.

II. COMMENTS ON THE CEM/ZEL TIER 3 FIT

A. The CEM/ZEL Tier 3 FIT contains utility interconnection and purchase obligations to encourage accelerated development of renewable generation.

The CEM/ZEL Tier 3 FIT contains utility obligations to interconnect renewable energy projects and to offer "standard offer contracts with commission-approved FIT rates and mandated terms and conditions" (*D&O* at 87) for the purchase of renewable energy generated by such projects, as "essential terms under which renewable energy will be purchased." *D&O* at 16. The CEM/ZEL Tier 3 FIT contains the utility obligations -- to interconnect renewable energy projects and to purchase renewable energy at the fixed long-term rate – that create the revenue certainty which project developers need to obtain financing for their projects.

B. The CEM/ZEL Tier 3 FIT provides a reliability standard adequate for determining whether addition to the grid of a given amount of as-available renewable energy will compromise reliability of the grid.

In directing the Hawaiian Electric Companies

> to develop reliability standards for each company, which should define most circumstances in which FIT projects can or cannot be incorporated on each island. ... The standards should complement existing standards, including those in the HECO Companies' tariff Rule 14, and should provide greater predictability with respect to reliability issues for developers. ... (*D&O* at 50)

and in directing the Hawaiian Electric Companies

> to adopt standards that establish when additional renewable energy can or cannot be added on an island or region therein without markedly increasing curtailment, either for existing or new renewable projects. FIT generation should meet new load requirements and **displace fossil fuel generation** ... " [emphasis added] (*D&O* at 50-51):

the Commission did three things:

First, the Commission explicitly recognized that Rule 14H provided a reliability standard for determining whether the addition of a given amount of as-available renewable energy to the grid of an island or region would compromise the reliability of the utility's electric system.

Second, the Commission implicitly acknowledged that the Commission's initial system cap equal to 5% of 2008 peak demand (*D&O* at 55), was based on a guess by the Commission as to the amount of as-available renewable energy that could be added to the grid of each island without compromising electric system reliability.

Third, the Commission deferred, until the "Reliability Standard" phase of the proceeding, the obtaining of answers to two questions:

(1) how much as-available renewable energy ***could*** be added to the grid of each island without compromising reliability based on the regulating capacity of the utility's must-run and dispatchable non-renewable generation, taking into account any displacement of the utility's dispatchable non-renewable generation by the added as-available renewable energy generation ("Question 1"); and

(2) how much of the as-available renewable energy that could be added to the grid of each island without compromising reliability ***should*** be added and purchased by the utility based on the relative costs of the as-available renewable energy and any dispatchable non-renewable energy displaced by the as-available renewable energy ("Question 2").

In response to the Commission's directions at pp. 50-51 of the *D&O*, Clean Energy Maui and Zero Emissions proposed the CEM/ZEL Reliability Standards, at Appendix III

to the CEM/ZEL Schedule FIT, having two parts: "Technical Requirements for Interconnection" and "Reliability Standard for Curtailment."

The CEM/ZEL "Technical Requirements for Interconnection" re-iterate the Hawaiian Electric Companies' own technical requirements for interconnection of distributed generating facilities in Rule 14H. The CEM/ZEL "Technical Requirements for Interconnection" have the same purpose as the technical requirements under Rule 14H: "To maintain the reliability of the utility system for all utility customers." The CEM/ZEL "Technical Requirements for Interconnection," like the Hawaiian Electric Companies' own reliability standards in Rule 14H, provide an adequate technical basis for determining whether the addition of a given amount of as-available renewable energy to the grid of each island would compromise the reliability of the utility electric system, and, therefore, determining an answer to Question 1, i.e., how much as-available renewable energy ***could*** be added to the grid of each island without compromising reliability.[2]

C. The CEM/ZEL Tier 3 FIT provides for a cap on the amount of as-available renewable energy that should be added to the grid based on the amount of as-available renewable energy that could be added without compromising reliability of the grid.

The purpose of the CEM/ZEL "Reliability Standard for Curtailment" is to specify a cap on the amount of as-available renewable energy that the utility ***should*** be obliged to purchase under a FIT, *i.e.*, an answer to Question 2, based on the utility's answer to

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[2] Consistent with the Commission's direction, the CEM/ZEL Tier 3 FIT provides:

> "Reliability Standards" means standards developed and adopted by the Company, and approved by the Commission, that establish when an additional Renewable Energy Generating Facility can or cannot be interconnected with the Company's electric system on an island or region therein without markedly increasing curtailment of existing or new Renewable Energy Generating Facilities.

and obliges the utility to "interconnect such Renewable Energy Generating Facility to the electric system of the Company, provided that technical requirements set forth in the Company's Reliability Standards, as approved by the Commission, are met."

Question 1, *i.e.*, how much as-available renewable energy ***could*** be added to the grid of each island without compromising electric system reliability based on the regulating capacity of the utility's must-run and dispatchable non-renewable generation, taking into account any displacement of the utility's dispatchable non-renewable generation by the added as-available renewable energy generation.

D. The CEM/ZEL Tier 3 FIT achieves quantity certainty and revenue certainty to encourage accelerated development of renewable generation, consistent with the Commission's directions at pp. 50-51 of the D&O.

The CEM/ZEL Tier 3 FIT accommodates two solutions to the problem of devising a FIT that provides the utility obligations needed to create quantity certainty and revenue certainty for project developers, and that is consistent with the Commission's directions at pp. 50-51 of the D&O.

1. The CEM/ZEL Tier 3 FIT accommodates specification of non-curtailable renewable energy generating facilities that will be eligible for the FIT.

The first solution is specification, by technology type and size, of ***non-curtailable*** renewable energy generating facilities that will be eligible for the FIT. Renewable energy delivered from such facilities would be purchased at the FIT rate specified under the column heading "not compensated for curtailment" for non-curtailable facilities of the specified technology type and size. This solution is consistent with the Commission's statement that, "The commission will also consider, if needed, a FIT tariff that proposes a lower FIT rate for generators that do not have the ability or the willingness to curtail output upon the utility's request." *D&O* at 82.

2. The CEM/ZEL Tier 3 FIT accommodates compensation for curtailment of curtailable renewable energy generating facilities.

The second solution, applicable to all ***curtailable*** renewable energy generating facilities, is an obligation of the utility to purchase all renewable energy generated by the facility and delivered to the utility, and to purchase all renewable energy that would be generated by the facility and delivered to the utility but for curtailment by the utility of such generation or delivery. Such renewable energy would be purchased at the FIT rate specified under the column heading "compensated for curtailment" for curtailable facilities of the specified technology type and size. This component is necessary to create quantity certainty about the amount of renewable energy that the utility is obligated to purchase from a specific facility under the FIT. This also is consistent with the Commission's direction to adopt FITs (*D&O* at 16).

The Commission stated that, "In light of the uncertainties involved in estimating the level and effect of curtailment, without prior experience with the FIT process, the commission will not establish a compensation mechanism for curtailment of FIT projects at this point in time." *D&O* at 71. The Commission's statement should be interpreted in light of the Commission's direction that the HECO Companies adopt reliability standards "that establish when additional renewable energy can or cannot be added on an island or region therein without markedly increasing curtailment, either for existing or new renewable projects." *D&O* at 50. The Commission's statement meant that the Commission was not establishing a compensation mechanism for curtailment *at the time of the D&O* because the Commission first needed to establish a mechanism for curtailment, ***namely, a system cap on the amount of as-available renewable energy that could and should be added to the grid of each island without compromising reliability based on answers to Question 1 and Question 2*** (and going by the name of a "reliability

standard" for curtailment (*D&O* at 50)), that addressed "the uncertainties involved in estimating the level and effect of curtailment" (*D&O* at 71).

The Commission's statement does not proscribe the HECO Companies from adopting, and does not proscribe the Commission from approving, a FIT, such as the CEM/ZEL Tier 3 FIT, containing a compensation mechanism for curtailment that is consistent with the reliability standard for curtailment proposed in the CEM/ZEL Tier 3 FIT.

3. The CEM/ZEL Tier 3 FIT achieves quantity certainty and revenue certainty.

To summarize, to create a Commission-directed feed-in tariff that provides revenue certainty to renewable energy project developers, the feed-in tariff adopted by the HECO Companies and approved by the Commission requires:

(1) an obligation by the utility to interconnect the renewable energy project, provided that the utility's safety and reliability requirements (*i.e.*, Rule 14H or the "Technical Requirements for Interconnection" in the Appendix III of the CEM/ZEL Schedule FIT) are met;

(2) an obligation by the utility to purchase renewable energy at the fixed long-term feed-in tariff rate specified in the FIT;

(3) for non-curtailable renewable energy projects: a specification, by technology type and size, of non-curtailable renewable energy generating facilities that will be eligible for the FIT;

(4) for curtailable renewable energy projects: an obligation of the utility to purchase all renewable energy generated by the facility and delivered to the utility, and to purchase all renewable energy that would be generated by the

facility and delivered to the utility but for curtailment by the utility of such generation or delivery.

The CEM/ZEL Tier 3 FIT contains or is consistent with the foregoing requirements. The CEM/ZEL Tier 3 FIT is consistent with the principles described in the *D&O*, which does not proscribe the foregoing requirements.

D. The CEM/ZEL Tier 3 FIT will provide FIT rates designed to "move the market" to encourage accelerated development of renewable generation.

The FIT rates to be proposed in the CEM/ZEL Tier 3 FIT are expected to be averages of the "levelized cost of electricity" drawn from proposed figures furnished by Hawaii Solar Energy Association and Solar Alliance (for photovoltaic generating facilities), by Sopogy, Inc. (for concentrating solar power facilities), by Hawaii Renewable Energy Alliance (for onshore wind generating facilities) and by the HECO Companies (in-line hydro and baseline generating facilities). Clean Energy Maui and Zero Emissions expect to support these FIT rates to the extent that the above-mentioned parties submit evidence to the Commission showing that the FIT rates contained in the CEM/ZEL Tier 3 FIT, or other FIT rate figures proposed by such parties, are adequate to "move the market" and encourage accelerated development of renewable energy projects in Hawaii.

E. The CEM/ZEL Tier 3 FIT provides a standard agreement that conforms to the CEM/ZEL Tier 3 FIT and eliminates the most project-discouraging provisions of the standard agreement contained in the HECO Tier 3 FIT.

Clean Energy Maui and Zero Emissions drafted the standard agreement contained in the CEM/ZEL Tier 3 FIT (the "CEM/ZEL Standard Agreement") by taking the proposed standard agreement contained in the HECO Tier 1 and Tier 2 FIT (the "HECO Standard Agreement") and revising it (1) to conform to the CEM/ZEL Tier 3 FIT, and (2) to eliminate the most project-discouraging provisions of the HECO Standard Agreement.

Some of the project-discouraging provisions eliminated include:

- Provisions obliging the project owner to operate the project in accordance with vaguely-defined "good engineering and operating practices," and provisions triggering default if the project owner fails to follow such practices in the opinion of the utility; projects are not going to get financed if a project that is in full compliance with Rule 14H interconnection standards can be shut down and its revenue stream destroyed on the say-so of a utility engineer who believes the project owner is not following "good engineering and operating practices"; Rule 14H supplies the appropriate objective legal standard for installation, operation and maintenance of the facility.
- Provisions triggering default based on the financial status of the project owner, which has nothing to do with the utility's obligation to interconnect the project and purchase renewable energy from the project.
- Provisions relating to "Facility Development Milestones"; these are queuing procedures that need to be stated in the FIT itself, not in the standard agreement;
- Provisions giving the utility authority to unilaterally change the project owner's insurance coverages, risks, limits and costs
- Provisions placing virtually all of the utility-side interconnection costs on the project owner; such costs need to spread across rate base to accelerate renewable energy development, which is the purpose of the FIT; the Commission should adopt the German policy of requiring the utility to connect all systems with minimal delay and strengthen the grid wherever it is needed, except in rare cases

where it is very uneconomical; in Germany that has led to a much more resilient grid and the utility gets the investment back in the next rate case.

III. COMMENTS ON THE HECO TIER 3 FIT

A. The HECO Tier 3 FIT contains no utility obligation to interconnect renewable energy projects and contains no utility obligation to purchase total renewable energy from such projects.

The Commission directed "the HECO companies to adopt FITs in their respective service territories ..." *D&O* at 17. A FIT encourages increased development of renewable energy projects by guaranteeing access to the grid (*i.e.*, obliging the utility to interconnect such projects, provided that interconnection safety and reliability requirements like Rule 14H are met), and by guaranteeing payments to project owners for total kWh of renewable electricity produced (*i.e.*, obliging the utility to purchase renewable energy at a fixed long-term rate). A FIT encourages such development because these obligations give project developers the revenue certainty that they need to obtain financing for their projects.

The HECO Tier 3 FIT contains no obligation to interconnect a renewable energy project that qualifies for the FIT, and contains no obligation to purchase energy generated or that could be generated by such a project. Because the utility has no obligation to interconnect a qualifying project and no obligation to purchase the energy generated or that could be generated by the project, the project developer has 0% certainty about the quantity of energy for which it will be paid by the utility, and 0% certainty about the amount of revenue that the developer will derive from the project.

0% revenue certainty means that the developer will not be able to get financing for the project and the project will not get developed. The HECO Tier 3 FIT is fatally defective as a policy to 'encourage increased development of alternative energy projects'

because the HECO Tier 3 FIT lacks the 2 elements -- guaranteed access to the grid and guaranteed payments to project owners for total kWh of renewable electricity produced -- that create the quantity certainty and revenue certainty needed by project developers to obtain financing for their projects.

The HECO Tier 3 FIT provides only 1 of the 3 elements of a FIT – stable long-term contracts – and lacks the 2 elements -- guaranteed access to the grid and guaranteed purchases of total kWh of renewable energy produced – that create the quantity certainty and revenue certainty needed by project developers to finance their projects. In proposing the HECO Tier 3 FIT that lacks 2 of the 3 essential elements of a FIT, the HECO Companies have failed to comply with the Commission's direction to the HECO Companies "to adopt FITs in their respective service territories." *D&O* at 17.

Without utility interconnection and purchase obligations that create quantity certainty and revenue certainty for project developers, a "standard offer contract" mechanism, like that contained in the HECO Tier 3 FIT, is indistinguishable from the existing mechanism for bilateral negotiation of the price and quantity of renewable energy that the utility is willing to buy under a power purchase agreement. Without utility interconnection and purchase obligations under a FIT, the project developer is compelled to bilaterally negotiate with the utility, outside the FIT framework, the quantity of renewable energy that the utility is willing to buy, because the project developer still needs quantity certainty to obtain financing for the project. Once quantity gets negotiated outside the FIT framework, then price also gets negotiated outside the FIT framework because the bilateral negotiation mechanism "will ... remain an option" (*D&O* at 24), which means the FIT rates are not binding on either the utility or the developer in the

bilateral negotiation mechanism. Under the HECO Tier 3 FIT, which lacks utility interconnection and purchase obligations, the FIT rates are nothing more than non-binding price guidelines for bilateral power purchase agreement negotiations between developers and the utility.

Without utility interconnection and purchase obligations, there is no need for a queue because there is no specified quantity of renewable energy (that the utility is obliged to purchase) for the developers to stand in line to sell. Without utility interconnection and purchase obligations, the queuing procedure for the HECO Tier 3 FIT is nothing more than the utility deciding in what order it will entertain bilateral negotiation of renewable energy project proposals.

From the developer's point of view, bilateral negotiation conducted through the "standard offer contract" mechanism of the HECO Tier 3 FIT is inferior to the existing bilateral negotiation mechanism (that "will ... remain an option" *D&O* at 24) because the existing mechanism does not require that the developer pay an application fee and wait in a queue to find out whether the utility is willing to buy the renewable energy generated by the proposed project. The HECO Tier 3 FIT mechanism is also inferior to the existing bilateral negotiation mechanism because the HECO Tier 3 FIT mechanism with its binding FIT rates would preclude the developer from seeking a rate higher than the FIT rate to make up for lower quantity sold to the utility due to curtailment by the utility.

B. The HECO Tier 3 FIT does not contain a reliability standard required by the Commission.

The Commission directed the HECO Companies to adopt reliability standards "that establish when additional renewable energy can or cannot be added on an island or region therein without markedly increasing curtailment, either for existing or new

renewable projects." *D&O* at 50. Instead of proposing a true set of "reliability standards," like Rule 14H (as re-iterated in the CEM/ZEL Tier 3 FIT "Technical Requirements of Interconnection") or NERC RS (as proposed in the Blue Planet Foundation Reliability Standards), that would provide an objective basis for determining whether addition of a given amount of as-available renewable energy would compromise reliability of the utility electric system and, therefore, that would provide an objective basis for answering Question 1, the HECO Companies (1) filed a Reliability Standards "Report" that proposed a 0 MW cap on the amount of as-available renewable energy that the utility might purchase on the islands of Hawaii, Maui, Molokai and Lanai, and a 60 MW cap on the amount of as-available renewable energy that the utility might purchase on the island of Oahu, and (2) proposed convening of a "Reliability Standards Working Group," redundant to the utilities' Integrated Resource Planning processes, in which the FIT docket intervenors would have no procedural rights to obtain answers to Question 1 from the HECO Companies, and in which the HECO Companies would never have to answer Question 1.

C. The HECO Tier 3 FIT omits the 5 percent initial system cap specified in the D&O.

The Commission specified an initial system cap, on the amount of renewable generation that could be interconnected under the FIT, in an amount equal to 5 percent of 2008 peak system demand system cap (*D&O* at 55). The HECO Companies omitted the Commission-specified initial system cap of 5% because, under the HECO Tier 3 FIT, the *de facto* system cap on new renewable generation is zero since, under the HECO Tier 3 FIT, the utility has no obligation to interconnect qualifying renewable projects, and has no obligation to purchase renewable energy from such projects. A FIT that allows the utility

to set a *de facto* aggregate system cap as low as zero does not create the quantity certainty and the revenue certainty that project developers need to obtain financing for their projects.

D. The HECO Tier 3 FIT does not provide a compensation mechanism that creates quantity certainty and revenue certainty for project developers.

Under the HECO Tier 3 FIT, Tier 3 projects are potentially curtailable, but the FIT rates are based on an assumption that no curtailment will occur. Potential curtailability creates 0% quantity certainty and 0% revenue certainty for the project owner because the project owner is locked into a long-term rate under the FIT and any curtailment results in an absolute revenue loss for the project owner. If a FIT project is curtailable, and if the project developer is not compensated at the FIT rate for the energy that would have been generated and delivered but for the curtailment, as is the case under the HECO Tier 3 FIT, the project is not going to get developed because the project developer lacks the quantity certainty and the revenue certainty needed to get the project financed.

There are two ways to address the lack of quantity certainty and lack of revenue certainty created by potential curtailability. The simple efficient way is to create 100% quantity certainty and 100% revenue certainty by obliging the utility to compensate the project owner for the quantity of renewable energy that the project would have generated and delivered to the utility but for the utility's curtailment of such generation. That is the way contained in the CEM/ZEL Tier 3 FIT, but rejected by the HECO Tier 3 FIT.

The wildly complex and inefficient way is to predict "typical" quantities of curtailed and non-curtailed generation, by generation type and project size, with a high degree of certainty over a 20 year period and then specify a FIT rate, higher than the FIT rate applicable to non-curtailable facilities, that when multiplied by the predicted quantity

of non-curtailed generation over a 20 year period will yield a revenue stream that is sufficiently certain to obtain financing for the project. The HECO Tier 3 FIT does not contain that way either, but that is the way the Commission would have to go -- in the absence of a FIT that compensates the project owner for curtailed generation at the FIT rate – to create a FIT that achieves the quantity certainty and revenue certainty needed to accelerate development of renewable generation.

E. The HECO Companies are passing off HECO's 2007 renewable energy RFP for Oahu as a feed-in tariff.

The HECO Companies' proposed Tier 1, Tier 2 and Tier 3 "Feed-in Tariffs" are requests for proposals using a "standard offer contract" mechanism. They are not feed-in tariffs because they lack the 2 elements – a guarantee of payments to project owners for total kWh of renewable electricity produced and a guarantee of access to the grid – that create the quantity certainty and, therefore, the revenue certainty that project developers need to obtain financing for their renewable energy projects. The HECO Companies' proposed "Feed-in Tariffs" are a sham feed-in tariff because under them, the HECO Companies would have no obligation to interconnect a single kW of renewable energy generation (even if reliability requirements such as Rule 14H are met), and would have no obligation to purchase a single kWh of renewable energy. Under the HECO Companies' proposed "Feed-in Tariffs," the utility would be free to pick and choose what renewable generation, if any, would be interconnected with the grid, and would be free to pick and choose (and curtail) the amount of renewable energy, if any, that the utility would purchase, just as it would under a request for proposals.

With the HECO Companies' proposal, in their *Report on Reliability Standards*, of a 0 MW cap on the amount of as-available renewable energy that the utility ***might***

purchase on the islands of Hawaii, Maui, Molokai and Lanai, and a 60 MW cap on the amount of as-available renewable energy that the utility ***might*** purchase on the island of Oahu, the HECO Companies' proposed "Feed-in Tariffs" are now essentially a scaled-down version of HECO's 2007 *Solicitation of Interest for Non-Firm Renewable Energy Projects: Island of Oahu* (the "2007 HECO RFP") that requested proposals for 100 MW of as-available renewable generation on Oahu. Zero Emissions is not aware of a single kW of renewable generation that has been placed in service on the Oahu grid as a result of the 2007 HECO RFP. If the Commission approves the HECO Companies' proposed "Feed-in Tariffs" during 2010, the result will have been 3 years of wasted time to come up with a Commission-approved request for proposals that is not materially different from the 2007 HECO RFP except that it is ***smaller*** than the 2007 HECO RFP by 40 MW. The HECO Companies' proposed "Feed-in Tariffs" would take Hawaii ***backwards***, to 2007 to be exact, by foreclosing adoption of a genuine feed-in tariff, like the CEM/ZEL Tier 3 FIT, that would "'... dramatically accelerate the addition of renewable energy from new sources' and ...'encourage increased development of alternative energy projects.'" *D&O at 13.*

* * * *

DATED: Honolulu, Hawaii, May 20, 2010

Erik Kvam
Chief Executive Officer
Zero Emissions Leasing LLC

CERTIFICATE OF SERVICE

I hereby certify that I have this date filed and served the original and eight copies of the foregoing **COMMENTS OF ZERO EMISSIONS LEASING LLC ON PROPOSED TIER 3 TARIFFS** in Docket No. 2008-0273, by hand delivery to the Commission at the following address:

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I hereby further certify that I have this date served copies of the foregoing **COMMENTS OF ZERO EMISSIONS LEASING LLC ON PROPOSED TIER 3 TARIFFS** in Docket No. 2008-0273, upon the following parties and participants by causing such copies thereof to be hand delivered, mailed by first class mail, or electronically transmitted to each such party or participant as follows:

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